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Travis County District Attorney Rosemary Lehmberg today issued the following statement:

On Tuesday, December 3rd, 2013, a Travis County Grand Jury returned an indictment charging the former Chief Commercialization Officer of the Cancer Prevention and Research Institute of Texas (CPRIT) with Securing Execution of a Document by Deception. Jerald Cobbs, 62, served as the Chief Commercialization Officer of CPRIT from 2009 to 2012. The charge stems from his handling of an \$11.04 million grant that was awarded to a company called Damascus, now known as Peloton, in 2010. The indictment alleges that Cobbs deceived the CPRIT Executive Director and General Counsel by failing to disclose that the grant proposal had not been reviewed and approved by the proper review committees as required by law, and that his failure to disclose this information caused the improper award of the grant and subsequent execution of a contract between CPRIT and Peloton.

Because of the dollar amount involved in this case, the charge of Securing Execution of a Document by Deception is a first degree felony punishable by 5 to 99 years or life, and up to a \$10,000 fine, which can also include a term of probation of up to 10 years.

During the course of this investigation, the Grand Jury heard testimony and evidence from CPRIT's former Executive Director, Bill Gimson; CPRIT's General Counsel, Kristen Doyle; the former Commercialization Review Council chairman for CPRIT, Robert Ullrich; and a former member of CPRIT's oversight committee, Charles Tate. Other evidence presented to the Grand Jury related to this particular grant award included emails, documents and summaries of numerous witness interviews conducted by the Travis County District Attorney's Public Integrity Unit.

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No charges were considered against anyone connected to Damascus/Peloton. The evidence indicated that they were unaware that their grant award had bypassed the required review committees.

Upon discovering in 2012 that the original grant had been improperly awarded to Peloton, CPRIT suspended the contract then in effect and the remainder of the money was not paid to Peloton. Peloton has since reapplied for a grant and their application is pending in the CPRIT review process.

This indictment is the result of a much larger criminal investigation conducted by the Travis County District Attorney's Public Integrity Unit with respect to CPRIT. The investigation included five main areas of inquiry: (1) the Damascus/Peloton grant; (2) a grant awarded to the Clinical Trials Network of Texas (CTNeT) and alleged unallowable expenditures made from grant funds by CTNeT; (3) a grant award for a Houston-based incubator project known as the Houston Area Translational Research Consortium/Institute for Applied Cancer Sciences (HATRC/IACS) that was never funded after CPRIT's Chief Scientific Officer resigned over concerns about the process of awarding the grant; (4) concerns over possible conflicts of interest and financial improprieties related to the CPRIT Foundation; and (5) concerns over potential conflicts of interest related to business interests and investments of CPRIT Oversight Committee members. Several of these same issues were addressed by a report issued by the State Auditor in January of 2013.

In addition to the circumstances surrounding the grant award to Damascus/Peloton, evidence and testimony related to the CTNeT and HATRC/IACS situations was presented to the Grand Jury. The Grand Jury did not choose to issue indictments related to those matters.

With respect to the CPRIT Foundation and possible conflicts of interest related to Oversight Committee members, Public Integrity Unit investigators and prosecutors interviewed numerous witnesses and spent months reviewing bank records, emails and other evidence gathered during the investigation. Public Integrity Unit staff found no evidence of criminal conduct related to those issues. With the most recent action of the Grand Jury, the Travis County District Attorney's investigation into CPRIT is now concluded.

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